

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1150-01
Bill No.: SB 346
Subject: Administrative Law; Judges; Retirement–State; Retirement Systems & Benefits–General; Worker’s Compensation; Public Service Commission
Type: Original
Date: February 19, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
HIGHWAY FUND/PSC FUNDS	\$0	(\$64,986)	(\$66,611)
Total Estimated Net Effect on <u>All</u> State Funds	\$0	(\$64,986)	(\$66,611)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 3 pages.

FISCAL ANALYSIS

ASSUMPTION

The **Joint Committee on Public Employee Retirement** indicates that this proposal is not a “substantial proposed change” in future plan benefits as defined in Section 105.660(5). As such, an actuarial cost statement is not required for the legislation.

Officials with the **Office of Administration** note that the Missouri State Employees Retirement System should determine the possible cost of this proposal.

Officials with the **Missouri State Employees’ Retirement System (MOSERS)** obtained an actuarial valuation for the proposed changes. MOSERS assumes that the proposal provides for attorneys appointed by the Public Service Commission and administrative law judges working for the Division of Motor Carrier and Railroad Safety to be covered by the Administrative Law Judges’ and Legal Advisors’ Plan (ALJLAP). These employees, with a current payroll of \$687,000 are currently covered by the General Employee Plan. Contributions by the state to MOSERS would increase as shown below:

	Present Benefits	Proposed Benefits	Change
Contribution Rate	22.32%	22.15%	(0.17%)*
Valuation Payroll**	\$4,448,000	\$5,135,000	\$687,000
Contribution Dollars	\$992,794	\$1,137,403	\$144,609

*The new members under the proposed legislation have an average entry-age that is five years younger than that of the current group. This causes the contribution rate to decline as a percent of payroll since there is more time to accumulate assets prior to retirement. However, MOSERS officials note, contribution dollars would be higher due to an increased valuation payroll.

**Projected to July 1, 2002, when the new contribution rate would take effect.

Additionally, MOSERS officials note that the contribution for the General Employee Plan of 11.59% would not be made, resulting in a savings of \$79,623 per annum. The net cost of the proposal, therefore, is \$64,986.

Officials with the **Department of Economic Development (DED)–Divisions of Motor Carrier & Railroad Safety** provided substantially the same data in their responses. Officials from the **Office of Public Counsel** assumed no fiscal impact from the proposal. Officials with the **Public Service Commission (PSC)** did not reply to our request for fiscal note.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
HIGHWAY & TRANSPORTATION DEPT. FUND/PSC FUNDS			
<u>Costs-DED</u>			
Increased contributions to MOSERS	<u>\$0</u>	<u>(\$64,986)</u>	<u>(\$66,611)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This act expands the definition of persons who may qualify for participation in the retirement system of administrative law judges of the Division of Worker's Compensation, to include Administrative Law Judges of the Division of Motor Carrier and Railroad Safety and attorneys appointed by the Public Service Commission to preside over PSC matters.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Joint Committee on Public Employee Retirement
Office of Administration
Missouri State Employees' Retirement System
Department of Economic Development
Division of Motor Carrier & Railroad Safety
Office of Public Counsel

NOT RESPONDING

Department of Economic Development
Public Service Commission



Jeanne Jarrett, CPA
Director
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